

Old Age, Disability, Death

First laws: 1908 (old-age pensions), 1911 (disability insurance), and 1925 (old-age and survivors' insurance).

Current law: 1992 (consolidated legislation).

Type of program: Dual social insurance and social assistance system.

Provisions and benefit amounts shown as of April 1995.

Exchange rate: U.S.\$1.00 equals 0.64 pound (£).

Coverage

All residents. Coverage optional for employed persons earning less than £58 a week (the lower earnings level), self-employed persons earning less than a specified minimum annual amount, and nonemployed persons (living on unearned income). Employer or employee may *contract out* of earnings-related pension program according to specified conditions.

Source of Funds

Insured person: Employee, 2% on 1st £58 a week plus 10% on weekly earnings between £58 and a maximum of £440 (3.85% for certain married women and widows). If earnings-related component contracted out, 2% of 1st £58 a week plus 8.2% on weekly earnings between £58 and a maximum of £440.

Self-employed, £5.75 a week plus 7.3% of earnings between £6,640 and £22,880 a year. Voluntary contribution: £5.65 a week.

Employer: 3%-10.2%, according to employee's wage bracket. If earnings-related component contracted out, 2%-10.2% according to employee's wage bracket.

Government: Full cost of income-tested allowances and other non-contributory benefits.

Maximum earnings for contribution purposes (except for employers, self-employed and nonemployed): £440 a week. Minimum, £58.

Above contributions also finance sickness, maternity, work injury, and unemployment benefits, and part of the cost of medical services.

Qualifying Conditions

Old-age pension: Age 65 (men) or 60 (women). 50 weeks of paid contributions before April 1975 or contributions based on earnings of at least 50 times the minimum weekly contribution level in tax years April 1975 to April 1978; thereafter, contributions based on earnings 52 times this amount. Coverage required for approximately 9/10ths of the years in working life (generally 44 years for women, 49 for men). Coverage credited for full-time education or unemployment. Pension reduced proportionately with shorter coverage. Number of years needed for full pension reduced if caring for child or elderly or disabled relative. No pension payable if proportion of full pension less than 25%. Payable abroad. Old-person's pension: Age 80 and ineligible for pension, or entitled to pension less than £35.25 a week.

Disability pension: Invalidity benefit: Incapacity for work following entitlement to cash sickness benefit or statutory sick pay with underlying title to sickness benefit for 28 weeks. No contribution requirement; but, follows actual or underlying entitlement to sickness benefit, which is contributory. [Replaced by *incapacity benefit* (long-term) from 13 April 1995].

Incapacity benefit (long-term): (Replaced *invalidity benefit* from 13 April 1995). Paid contributions on earnings of at least 25 times the *lower earnings limit* in any one tax year (April to April), and contributions (paid or credited) on earnings of at least 50 times *lower earnings level* in both of the two tax years preceding the benefit year (January to December). Payable after 52 weeks of disability (as determined by medical test), or after 28 weeks to those who are terminally ill or in receipt of the higher rate care component of *disability living allowance*.

Supplementary benefits payable for age (if spouse or self aged 60 or older), if incapacity began before age 45. Aged under state pensionable age at start of claim. Payable outside U.K. if continuously incapable of work for at least 6 months before leaving U.K.

Severe disablement allowance (non-contributory, no means test): Age 16-64, incapable of work for at least 28 consecutive weeks, and insufficient contributions for *incapacity benefit*. If incapacity began after age 20, must also be assessed as *80% disabled*.

Disability living allowance (non-contributory, no means test):

Disability starting before age 65. Usually paid after 3 months of disability. Amount determined by care and mobility needs.

Attendance Allowance (non-contributory, no means test): Disability starting age 65 or older. Usually paid after 6 months of disability (except if terminally ill). Amount determined by care needs.

Disability working allowance (non-contributory, means-tested): In paid work of 16 hours or more per week, with an illness or disability which creates a disadvantage in securing employment, have savings of £16,000 or less, and be in receipt of a qualifying benefit such as *disability living allowance*, *attendance allowance*, or other disability-related allowances.

Invalid care allowance (non-contributory, earnings-tested): Paid to person who forgoes full-time work, and cares for severely disabled person 35 hours or more and earning less than £50 (after allowable expenses) a week.

Survivor pension: Deceased met coverage requirements for old-age pension or was pensioner at death.

Widowed mother's allowance (WMA): Payable to widows with at least one dependent child under age 19, or one child.

Widow's pension (WP): Age 40 or older without dependent children, payable until age 60.

Income support (non-contributory, means-tested): Aged 60 or older, disabled, or single parent.

Old-Age Benefits

Old-age pension: Basic retirement pension: maximum, £58.85 a week.

Dependents' supplements: £35.25 a week for dependent adult; £9.85 for first child for which child benefit paid, £11.05 for each other such child.

Old persons' pension: £35.25 a week less any old-age pension.

Age addition: £0.25 a week if age 80 or over.

State earnings-related pension scheme (SERPS): maximum, 1.25% per year of coverage, based on average indexed surplus earnings (indexed earnings over the *lower earning level* of final year before pensionable age) since 1978/79, but not to exceed £92.00 per week.

[Pensioners reaching pensionable age on or after 6 April 1999, benefits equal to:

- 1 0.25 of total surplus earnings from 1978/79 to 1987/88 divided by number of years from 1978/79, or year reaching age 16 if later, to year before pensionable age;
- 2 plus either:
 - A 0.20 to 0.25 of surplus earnings from 1988/89 to year before pensionable age divided by total years from 1978/79, or year reaching age 16 if later, to year before pensionable age, if reaching pensionable age after 6 April 1999 and before 6 April 2009; or
 - B 0.20 of surplus earnings if reaching pensionable age after 6 April 2009.]

Increment for deferred retirement: 1/7% of pension for each week of delayed retirement between age 65-70 (men) or 60-65 (women), subject to minimum deferment of 7 weeks.

Income support (non-contributory, means test): Single, £18.60-25.15 a week; couple, £28.05-35.95; according to needs.

Adjustment: Pensions adjusted annually according to price changes.

Permanent Disability Benefits

Disability pension: Invalidity benefit—Basic component, £57.60 week plus £3.80, £7.60 or £12.15 a week according to age at incapacity. Earnings-related component payable if entitlement after April 1979, based on earnings between April 1978 and March 1991. Incapacity benefit (long-term) replaced *invalidity benefit*, effective 13 April 1995: Weekly earnings less than £58.00—Payable starting 53rd week of incapacity and subsequent weeks, or terminally ill and disabled for at least 28 weeks (following payments of *incapacity benefits* (short-term), £58.85 a week plus £35.25 a week for a dependent adult, and £9.85-11.05 for child dependent.

Severe disablement allowance (non-contributory, no means test): £35.55 a week, plus £3.90, £7.80 or £12.40, depending on age when incapacity began. £21.10 for adult dependent, and £9.85 for first child for which child benefit paid, £11.05 for each other such child. Disability living allowance (non-contributory, no means test): Care component £46.70, £31.20 or £12.40 per week. Mobility component: £32.65 or £12.40 per week.

Attendance allowance (non-contributory, no means test): £31.20 or £46.70 a week, according to needs.

Disability working allowance (non-contributory, means-tested): £46.85 per week for single adult; £73.40, couple or lone parent. Child allowances from £11.40 to £32.80, depending on age of child; £19.80 if disabled child.

Invalid care allowance (non-contributory, earnings-tested): £35.25 a week, plus dependent supplements, if appropriate.

Income Support (non-contributory, means-tested): Single, £19.80 per week; couple, £28.30. Severe disability: single, £35.05; couple (if both qualify), £70.10.

Adjustment: Pensions adjusted annually according to price changes.

Survivor Benefits

Survivor benefits: Widowed mother's allowance (WMA): £58.85 per week plus £9.85 for first child for which child benefit paid, £11.05 for each other such child.

Widow's pension (WP): Amount varies with age at widowhood or when widowed mother's allowance ends. Age 55 or older, £58.85 per week. Aged between 45-54, percentage of full rate paid. An earnings-related component is also paid along with WMA/WP based on husband's earnings since 1978.

Widow's payment: Lump sum payment of £1,000 if under 60, or aged 60 or older and husband not receiving retirement pension.

Guardians allowance (for people bringing up an orphan or, in very limited circumstances, a child with one surviving parent): Student rate, £11.05 a week per child; reduced to £9.85 if the child is receiving the higher rate of *child benefit*.

Income support (non-contributory, means-tested): £28.00, £36.80, or £48.00 depending age of child and circumstances. Payable to single parent (widow or widower) not eligible for any widow's benefits.

Adjustment: Benefits adjusted annually according to price changes.

Administrative Organization

Department of Social Security Benefits Agency, administration of payment of pensions and of income-tested allowances through its network of central, regional and local offices; Department of Social Security Contributions Agency, collection and recording of National Insurance Contributions.

Sickness and Maternity

First law: 1911.

Current laws: 1946 (National Health Service); 1992 (Social Security Acts); 1994 (Incapacity Benefit).

Type of program: Social insurance for cash benefits and universal system for medical care.

Coverage

Cash sickness and maternity benefits: Sickness benefit [Incapacity benefit (short-term) as of 13 April 1995]—Employed persons whose earnings are £58 a week or more and self-employed persons who satisfy contribution conditions, but not eligible for *statutory sick pay*. *sickness benefit/incapacity benefit* is also payable to the unemployed or non-employed if they satisfy the necessary contribution conditions.

Statutory sick pay: Paid by employer to employees with average weekly earning of £58 or more a week.

Maternity allowance: Employed persons whose earnings are £58 a week or more and self-employed persons who satisfy contribution conditions, but not eligible for "Statutory Maternity Pay."

Statutory maternity pay: Paid by employer to women with average earnings of at least £58 a week. (May otherwise qualify for maternity assistance allowance.)

Medical care: All residents.

Source of Funds

Insured person: Sickness benefit/incapacity benefit and maternity allowance, see pension contributions, above.

Employer: Sickness benefit/incapacity benefit and maternity allowance: See pension contributions, above; and partial cost of statutory sick pay and maternity pay.

Government: Statutory sickness and maternity pay, partial cost; Medical care (National Health Service), about 85% of cost.

Qualifying Conditions

Cash sickness benefits: Sickness benefit: 26 weeks of contributions paid before April 1975 or contributions paid on earnings of at least 25 times the lower earnings limit in any one tax year, plus contributions paid or credited on earnings of at least 50 times the weekly lower earnings limit in the last 2 tax years.

Incapacity benefit (short-term) replaced *sickness benefit*, as of 13 April 1995: Contribution requirements, same as *sickness benefit*.

Employees, self-employed, unemployed aged under 65 (men) or 60 (women), not receiving *statutory sick pay* from employer for sickness lasting at least 4 consecutive days.

Statutory sick pay: At least 4 consecutive days of sickness within a period of incapacity for work, employees aged under 65.

Maternity allowance: Contributions paid in 26 weeks of the 66 week period before expected week of confinement. Not receiving *Statutory Maternity Pay* from employer.

Statutory Maternity Pay: Employed continuously for at least 26 weeks by same employer including the 15th week before expected week of confinement; average earnings £58 or more a week.

Medical benefits: No minimum qualifying period.

Sickness and Maternity Benefits

Sickness benefit: Sickness benefit: £43.45 a week for insured under pensionable age, £26.90 for dependent wife, husband or an adult who looks after child or children, payable after 3-day waiting period (excluding Sunday) for a maximum of 28 weeks. Thereafter, *invalidity benefit* above is paid.

Incapacity benefit (short-term) replaced *sickness benefit*, as of 13 April 1995: First 28 weeks, £44.40 a week, plus £27.50 a week for a dependent adult; 29th through 52nd week, £52.50 a week, plus £27.50 a week for a dependent adult and £9.85-£11.05 for child dependent(s). Payable after 3-day waiting period.

Statutory sick pay: £52.50 a week. Payable for up to 28 weeks of incapacity after 3-day waiting period.

Maternity allowance: Payable for up to 18 weeks, starting at any time from the 11th week before expected due date. £52.50 a week if employed in 15th week before due date, £45.55 a week if not or self-employed.

Statutory maternity pay: 6 weeks at 90% of average earnings, then up to 12 weeks at £52.50 a week. Payable at any time from the 11th week before expected due date.

Income support: See pension benefits above.

Workers' Medical Benefits

Medical benefits: Medical services provided by doctors and dentists under contract with and paid directly by National Health Service, and by public hospitals. Includes general practitioner care, specialist services, hospitalization, maternity care, dental care, medicines, appliances, home nursing, and family planning. Patients pay 80% of cost of any dental work up to £250. Check-ups cost £3.68. Patients pay up to £3.75 for each prescription. Those receiving income support or family credit, and their adult dependents, children under age 16 (19 if student), pregnant women, and nursing mothers are exempt from dental and prescription charges. People over state pension age and certain other small groups are exempt from

prescription charges. In addition, exemption may be available to others under the National Health Service Low Income Scheme. Duration: No limit.

Dependents' Medical Benefits

Medical benefits for dependents: Same as for family head.

Administrative Organization

Department of Social Security, administration of contributions and cash benefits through its regional and local offices; Department of Health, administration of medical services through National Health Service. Health Service includes 14 regional health authorities and numerous local health authorities.

Work Injury

First law: 1897.

Current law: 1992.

Type of program: Social insurance system.

Coverage

Employed persons.

Exclusion: Self-employed.

Source of Funds

Insured person: See pension contributions, above.

Employer: Same.

Government: Same.

Qualifying Conditions

Work-injury benefits: No minimum qualifying period.

Temporary Disability Benefits

Temporary disability benefit: Same as sickness benefit above for first 28 weeks. If disability continues, permanent disability benefit is paid. Income support: See pension benefits, above.

Permanent Disability Benefits

Permanent disability pension: Up to £95.30 a week if 100% disabled. Payable from 15th week after accident or onset of disease. Constant-attendance supplement: Up to £38.20 a week (up to £76.40 in special cases).

Partial disability: From £19.06 a week for 14% disability to £85.77 for 90% disability. *Reduced earnings allowance* up to £38.12 a week if unable to do same job, resulting in loss of earnings.

Workers' Medical Benefits

Medical benefits: Provided under National Health Service.

Income support: See pension benefits, above.

Survivor Benefits

Survivor pension: See survivor benefits, above.

Administrative Organization

Department of Social Security Benefits Agency, administration of payment of pensions and of income-tested allowance through its

network of central, regional and local offices; Department of Social Security Contributions Agency, collection and recording of National Insurance Contributions.

Unemployment

First law: 1911.
Current law: 1992.
Type of program: Compulsory insurance system.

Coverage

Employed persons whose earnings are £58 a week or more.
Exclusion: Self-employed, and married women and widows paying reduced contributions (see pension contribution above).

Source of Funds

Insured person: See pension contribution, above.
Employer: See pension contribution, above.
Government: See pension contribution, above; also, full cost of income-tested allowances.

Qualifying Conditions

Unemployment benefits: Contributions paid on earnings of at least 25 times the weekly lower earnings level in 1 of last 2 tax years; and contributions paid or credited on earnings of at least 50 times the weekly lower earnings level in both the appropriate tax years.
Registered at employment office, capable of, available for and actively seeking work.
Unemployment not due to voluntary leaving, misconduct on the job, refusal of suitable job offer, or failure to follow up job or training opportunity (disqualification up to 26 weeks), or participation in trade dispute (disqualification for duration of dispute).

Unemployment Benefits

Unemployment benefit: Flat-rate benefit of £46.45 a week, £28.65 for dependent adult. Dependent's addition subject to limits on dependent's income.
Payable after 3-day waiting period for up to 52 weeks.
Income-tested allowance: See pension benefits above.

Administrative Organization

Department of Social Security Contributions Agency, administration of contributions and records.
Department of Employment, Employment Services Agency, administration of benefits.

Family Allowances

First law: 1945.
Current law: 1992.
Type of program: Universal system.

Coverage

Residents with 1 or more children.

Source of Funds

Insured person: None.
Employer: None.
Government: Whole cost.

Qualifying Conditions

Family allowances: Child benefit—child must be under age 16 (19 if full-time student).
26 weeks of residence in last 52 weeks.

Family Allowance Benefits

Family allowances: Child benefit—£10.40 a week for the eldest qualifying child, £8.45 for each other, plus £6.30 supplement for eldest qualifying child of lone parent.

Administrative Organization

Department of Social Security, administration of allowances through the central and area offices of its Benefits Agency.

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